

SHORT-TIME COMPENSATION INFORMATION FOR FEDERAL EMPLOYERS

Overview:

The Short-Time Compensation (STC) Program (also known as worksharing or shared work) is designed to help both employers and employees.

- STC is an alternative for employers faced with a layoff. It allows employers to retain their trained workforces by reducing hours for an entire group of affected employees rather than laying off some employees while others continue to work their regular schedule.
- STC allows eligible employees to receive a portion of their Unemployment Compensation (UC) payment while working reduced hours in a given week.

STC Benefits:

- To qualify for STC, employees must otherwise be determined to be eligible for regular UC (except that STC claimants are still job attached).
- Employees receive a pro-rata share of the weekly UC payment they would have received if they were totally unemployed.
 - Example: An employee normally works a 40 hour work week. The employee's work week is reduced by 8 hours or 20%. Whereas, if the employee had been laid off and determined eligible for UC, would have received a weekly benefit amount (WBA) of \$270.00, if such individual was totally unemployed.
 - Under the STC plan the employee would receive \$54.00 of unemployment benefits (or 20% of \$270) in addition to the 32 hours of wages earned from the employer.
- Employees who are eligible to participate in an employer's STC plan may be required to serve a "waiting week," which is a non-paid week (required by most states).

Federal Employer Reimburses STC Benefits:

Any STC paid by the state will be reimbursed dollar for dollar by the Federal agency. As such, the cost of STC to the Federal agency may be an important consideration when deciding whether to participate in an STC program.

States with STC Programs

STC is a voluntary program for states and not all states operate an STC program. STC is only available to Federal employees working in states that do have an STC program. Currently, the following states have STC laws which may allow Federal agencies to participate in their STC programs: AR, AZ, CA, CO, DC, FL, IA, KS, MA, MD, ME, MN, MO, NH, NY, OK, OR, PA, TX, VT, and WA.

STC Program Requirements:

While each state has different STC program requirements, all STC states require the following:

- Employer participation is voluntary.
- Employer reduces employee hours in lieu of layoffs.
- Employers must have made reductions to the work week as required by state law (the permissible percentage of reduction varies by state).
 - Example: The state's STC law requires that in order to participate in the program, the reduction in hours cannot be less than 20% and not more than 60%. The employees' work week is reduced by 8 hours (employees normally work 40 hours). The employees' workweek is reduced by 20%, meeting the state's requirements.

Some states may have other STC requirements that could further impact employer or employee participation. The list below includes some common provisions that could impact participation (it does not include all relevant state provisions and provisions may vary by state). Some state provisions:

- Require the employer to continue to provide health and retirement benefits (or fringe benefits) as if the work hours were not reduced.
- Require the affected unit to be at least a certain size to participate in STC.
- Require the collective bargaining agent to agree to the STC plan.
- Require that the employer not hire new employees in the affected unit during the term of the STC plan.
- Require the STC plan avoid layoffs of a certain minimum percentage of workers in the affected unit.
- May not allow STC plans where the furlough days are in nonconsecutive weeks or are episodic (for instance, if several weeks separate the STC weeks claimed).
- Exclude seasonal, temporary, or intermittent employees.
- Exclude part-time workers.
- Require the employee to have been on the employer's payroll for a certain period of time immediately preceding the date of the STC plan.

STC Process:

- State agencies require the employer to submit an STC application/plan. In most states, applications can be filed electronically and/or by paper. Commonly requested application information includes (but is not limited to):
 - A list employees participating in the STC program (name and social security number is often requested)
 - The normal weekly hours of work;
 - The percentage reduction of hours of work;
 - The plan's start and end date;
 - A collective bargaining agent agreement to the plan; and
 - The employer's certification to comply with the state's STC program requirements.

NOTE: A sample plan application containing commonly requested information is provided below (it is meant to be an example and does not contain all the information that will be requested by a state as STC applications differ in each state).

- The state will approve or deny the plan, generally, within 15 or 30 days (varies by state). If the plan is denied, some states will allow the employer to submit a new or amended plan or allow for reconsideration of the denial.
- If the STC plan is approved, the Federal employer should notify the affected employees of the plan approval and provide information about the STC program requirements and claim filing process. Additionally, the Federal employer should inquire whether the Federal employee is interested in participating in the STC plan. An employee's participation in the STC program is voluntary and, as such, and employer should ensure the claimant is electing to participate in the plan before providing further information to the state about the employee.
- Upon approval of the plan, the STC claims can be filed, processed, and paid. An initial claim must first be filed. The process varies by state and may involve both the employer and/or employee and includes:
 - The Federal employee's participation: The Federal employee must decide whether to participate in the plan and communicate the decision to the Federal employer. Depending on state rules, the employee may file the initial claim or the employer may file the claim in conjunction with the employee.

- The Federal employer's participation: The employer will submit to the state the wage information for the employees participating in the plan (up to 18 months of wages may be requested). The Federal employer may also be required to submit the initial claim information in conjunction with the employee.
- The state's participation: The state will then determine if the employee is eligible for UC/UCFE and informs the Federal employer of that determination.

On a weekly/biweekly basis (varies by state), the employer will certify hours worked and/or wages earned and provide the information to the state about each employee experiencing a reduction in hours so the state can process the STC claim. The specific process varies among states and may also involve the employee. Other information commonly requested includes (but is not limited to):

- Any employee's refusal of work during the week or bi-weekly period claimed.
- Any employee's absence from work such as holiday, sick or vacation leave, etc.
- Individual employee/claimant may have to certify weekly/biweekly whether:
 - i. Available for work all other days in the week
 - ii. Leave taken (holiday, sick, or vacation, etc...)
 - iii. Work and wages performed for another employer

Recommendations for Federal Employers:

1. Become familiar with the state's STC program requirements and processes (application, initial claim, and continued claim filing/certifications) and carefully consider workload implications to submit and implement an STC plan (e.g., providing the state with the employees' wage history and wage/hours worked certifications).
2. Identify a Point of Contact(s) within your agency to enable the state, employees, and union to respond to questions and communicate information throughout the STC process.
3. Identify all other individual(s) who will be responsible for submitting and (in the event the plan is approved) implementing the STC plan (including, individuals responsible for providing the wage history, and wage/hours worked certifications).
4. Develop a process to transmit needed wage/hours worked information to states for each participating Federal employee. Review the Federal employer's policy and procedure for transmitting Personally Identifiable Information.
5. Communicate with the collective bargaining agent that your agency intends to submit an STC application and that their agreement may be required for the application.

6. Develop a way to find out whether the Federal employee(s) (whose unit may be covered under an STC plan) wants to be included on the STC participant list.
7. If a state's STC requirements exclude certain individuals from participating in the STC program, ensure those employees are not included on the participant list.
8. Depending upon the state's STC program requirements, it may not be possible to submit one application for the Federal Department/agency. It may require a plan for each agency or unit within the Federal Department, due to the different furlough implementations. The Federal employer should discuss the requirements with the state to determine whether more than one plan should be submitted if it is allowed by the state.
9. Provide an explanation on the STC application as to how the furloughs will be implemented (e.g., if a certain number of furlough days must be taken by an individual, if the scheduling of the furlough days is at the employee's discretion, the time during which the furlough days must be taken, if the furloughs will be taken in consecutive days or weeks, if furloughs implementation vary per agency listed on the plan, etc.). This information is necessary for the state in determining whether the plan can be approved.
10. If the plan is approved, communicate to the participating Federal employees the state's STC program requirements, the claim filing process, the employee's responsibilities, and any other specific state STC provisions that may impact the employee(s) (e.g., taking unpaid leave during the STC week may affect STC benefits, or if taking less than 8 hours of furlough in an STC week [i.e., less than 20% reduction in hours] is below the state's STC permissible percentage of reduction in the workweek, etc.). Carefully review the state's STC program requirements as they vary by state.

State STC Website or Contact Information:

Additional information regarding specific state STC programs is available through the websites or contacts identified below:

Arizona

<https://www.azdes.gov/main.aspx?menu=234&id=2196>

Arkansas

<http://dws.arkansas.gov/Employers/SWP.htm>

California

http://www.edd.ca.gov/unemployment/work_sharing_claims.htm

Colorado

<http://www.colorado.gov/cs/Satellite/CDLE-UnempBenefits/CDLE/1251575107582>

District of Columbia

<http://seq.does.dc.gov>

Florida

<http://www.floridajobs.org/office-directory/division-of-workforce-services/reemployment-assistance-programs/short-time-compensation-program-for-employers>

Iowa

Connie Dykstra at Connie.dykstra@iwd.iowa.gov

Kansas

http://www.dol.ks.gov/UI/swpempinfo_bus.aspx

Maine

<http://www.maine.gov/labor/unemployment/workshare/>

Maryland

<http://dllr.maryland.gov/employment/worksharing/>

Massachusetts

<http://www.mass.gov/lwd/unemployment-insur/business-support/worksharing/>

Minnesota

<http://www.uimn.org/uimn/employers/help-and-support/shared-work/index.jsp>

Missouri

http://www.labor.mo.gov/des/employers/shared_work.asp

New Hampshire

<http://www.nhes.nh.gov/nhworking/stay/index.htm>

New York

<http://www.labor.ny.gov/ui/dande/sharedwork1.shtm>

Oklahoma

Frequently Asked Questions can be found at:

http://www.ok.gov/oesc_web/documents/Shared%20Work%20FAQ's.doc

Email contact:

SharedWork@oesc.state.ok.us

Oregon

http://www.oregon.gov/EMPLOY/UI/EMPLOYER/pages/work_share_updated.aspx

Pennsylvania

http://www.portal.state.pa.us/portal/server.pt/community/shared_work/21289

Texas

<http://www.twc.state.tx.us/ui/bnfts/sharedwork.html>

Vermont

<http://labor.vermont.gov/Default.aspx?tabid=1575>

Washington

<http://www.esd.wa.gov/uibenefits/faq/shared-work.php>

Example of a Short Time Compensation (STC) Application
(Specific information requested on a STC application varies by state)

Employer Information

1. Employer Name:	2. Employer Account Number
3. Mailing Address:	
4. Location where STC is occurring, if different than above:	
5. Contact Person:	6. Title:
7. Telephone Number:	
8. Email Address:	9. Fax Number:

Plan Information:

10. Effective date of plan: _____
11. End date of plan : _____
12. What are the normal hours of work per week? _____
13. What is the percentage of reduction in hours or work? _____%
14. Will the fringe benefits of each employee in the affected unit be reduced? ____ Yes ____ No
15. Affected work unit designation: _____
Example: "Affected unit" means a specific department, shift, or other unit of 2 or more employees that is designated by an employer to participate in a shared work plan.
16. Number of employees to be covered by the plan as listed on the attached Participant List _____
17. Are the employees who will participate in the plan covered by a Collective Bargaining Agreement? ____ Yes ____ No
- If yes, the applicable collective bargaining agent must complete and sign below.
 - If no, only the employer must sign.

Collective Bargaining Agent(s) Concurrence: The applicable collective bargaining agent(s) must sign a collective bargaining concurrence provided below:

Union Name:	Local Number:	Name & Title:	Telephone
Street:	City:	State	Zip:

Signature: _____ Date: _____

Employer Certification:

I certify to the following (varies by state but common certifications include):

- A. The normal weekly hours of work are reduced for each employee in the affected unit by not less than 10% and not more than 60% (the percentages vary by state).
- B. Employees' benefits will not be reduced while participating in the STC program. These include health insurance, retirement/pension benefits, vacation pay and holidays, sick leave, and any other similar benefits you normally provide.
- C. The implementation of a STC plan [or the reduction in hours] is in lieu of layoffs;
- D. The STC plan will not be used to subsidize seasonal employment during the off-season or to subsidize part-time employees;
- E. Additional employees will not be hired in the affected unit while participating in the STC program;
- F. Participating employees will not be laid off during the effective period of the STC plan;
- G. Any changes made to the plan will be reported to the State;
- H. I will provide the State with the weekly percent of reduction in hours and wages for each participating employee as a result of this STC program;
- I. I understand that a plan approved by the State shall expires in [period varies by state] after its effective date;
- J. Any reports or information necessary for the proper administration, review, and evaluation of the plan shall be provided to the State upon request;
- K. All information provided on this application is true and correct.

Name of Employing Unit: _____ Date: _____

Signature: _____ Title: _____

SHORT TIME COMPENSATION PLAN PARTICIPANT LIST

Employer name: _____

Percentage reduction in normal weekly hours of work: _____

[illegible]